



# JTPA

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Serving the People of California

DIRECTIVE

Date: December 20, 1995

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TO: SERVICE DELIVERY AREA ADMINISTRATORS  
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS  
JTPD PROGRAM OPERATORS  
EDD JOB SERVICE OFFICE MANAGERS  
JTPD STAFF

SUBJECT: STANDARDS FOR PIC OVERSIGHT AND INSTRUCTIONS FOR  
SUBSTATE MONITORING

## EXECUTIVE SUMMARY

### **Purpose:**

This Directive transmits general standards for Private Industry Council (PIC) oversight responsibilities and provides instructions for the development of substate monitoring plans to implement those standards.

### **Scope:**

The standards in this Directive apply to programs funded under Title II and Title III of the Job Training Partnership Act (JTPA) and must be implemented by all Service Delivery Areas (SDA) administrative entities, Substate Grantees (SSG), and other direct subrecipients of JTPA funds from the state.

### **Effective Date:**

This Directive is effective immediately.

## REFERENCES:

- JTPA §103 (a)(b) & (f), 141(g)(3)(C) & (I)
- Title 20 Code of Federal Regulations (CFR) §240(g), 626.5, 627.420(f)(2), 627.475(c)(d)(e) & (f), 628.410(b)(3)
- Title 29 CFR Part 34
- California Unemployment Insurance Code (CUIC) §15032
- Job Training Plan Handbook of Instructions

## STATE-IMPOSED REQUIREMENTS

This Directive contains state-imposed requirements which are printed in ***bold, italic type***.

## FILING INSTRUCTIONS

This Directive supersedes Interim Directive 93-10, Subject: Standards for Private Industry Council Oversight and Instructions for Substate Monitoring. Retain this Directive until further notice.

## BACKGROUND

The JTPA Reform Amendments of 1992 increase the emphasis on program accountability at all levels. The Final Rule indicates that the Department of Labor (DOL) expects expanded oversight and monitoring activities at the state and local levels to ensure the successful implementation of the JTPA changes. Increased monitoring activity should result in a greater measure of accountability for program operations with the identification of risk areas, technical assistance needs, and exemplary models, and, ultimately, improved program planning and performance.

The JTPA §103(a) establishes the responsibility of the PIC to provide policy guidance for, and exercise oversight with respect to, activities under the Job Training Plan for its SDA in partnership with the unit or units of general local government within the SDA. The §103(b) further authorizes the PIC to provide oversight in accordance with procedures it establishes. The §141(i) makes administrative entities responsible for ensuring the eligibility of program participants, eliminating program abuses, and preventing misuse of funds. The §103(f) defines “oversight” as “reviewing, monitoring, and evaluating.”

As required by the Final Rule, Title 20 CFR §627.420(f)(2), the SDA “shall maintain an administrative system which ensures that vendors and subrecipients perform in accordance with the terms, conditions, and specifications of their awards.” The terms “vendor” and “subrecipient” are defined at 20 CFR §626.5. Depending on the nature of the services and the contents of the contractual/other agreement, a “service provider” may be either a vendor or a subrecipient.

As required by 20 CFR §627.240(g), On-the-Job Training (OJT) agreements must be monitored “periodically onsite by the entity issuing the contract” to assure the validity of the documentation supporting training reimbursement claims and to ensure that training is being provided as specified in the agreements. The preamble to the Final Rule states that it is not required that each OJT contract be monitored, but that OJT employers must be monitored periodically onsite. In addition, JTPA §141(g)(3)(C) and 20 CFR §627.240(g) require that brokering contractors conduct onsite monitoring of the OJT employers and other subcontractors to verify compliance with the subcontract terms prior to making payments to the subcontractors.

The Final Rule, 20 CFR §627.475(c), requires the Governor to issue instructions on the development of substate monitoring plans which address the scope of monitoring and frequency of reviews. Subpart (d) requires the Governor to establish general standards for PIC oversight. In addition, §627.475(e) and (f) and §628.410(b)(3), require the PIC's oversight procedures to be developed in accordance with standards established by the Governor. These sections further authorize the PICs to exercise independent oversight which cannot be restricted by the agreement between the PIC and the Chief Elected Official (CEO). However, the PIC and the CEO must determine whether oversight will be conducted independently, jointly, or delegated to an appropriate entity.

## **POLICY AND PROCEDURES**

### **A. Standards for PIC Oversight**

The PIC shall oversee activities conducted under the Job Training Plan for the SDA in accordance with procedures it develops pursuant to §103 of the JTPA, its implementing regulations, §15032 of the CUIC, and the following standards:

1. As required by 20 CFR §627.420(f)(2), the SDA "shall maintain an administrative system which ensures that vendors and subrecipients perform in accordance with the terms, conditions, and specifications of their awards."
2. ***The SDA administrative entity must conduct onsite monitoring visits to all of its subrecipients twice each program year regarding activities longer than six months in duration, and at least once regarding activities lasting six months or less.***
3. The OJT agreements shall be monitored in accordance with JTPA §141(g)(3)(C) and 20 CFR §627.240(g).
4. Programs and activities conducted within the SDA must be operated in compliance with all applicable federal, state, and local laws and regulations.
5. All JTPA-funded service provider contracts must be for allowable activities, contract charges must be allocated to appropriate cost categories, and proper fiscal records must be maintained.
6. The selection of service providers must be made in accordance with JTPA §107, 20 CFR §627.422, and the state's standards for procurement.
7. The programs designed and operated within the SDA must be consistent with the coordination criteria of the Governor's Coordination and Special Services Plan.
8. ***Programs and activities must be effective in meeting the goals established in the Job Training Plan.***

9. ***Where SDA administrative entities are parties to contracts which serve multiple SDA jurisdictions, the affected SDAs must coordinate and must jointly establish procedures for monitoring multiple-SDA contracts.***
10. The training and work environment must be safe for participants and staff members.
11. The SDA administrative entity must establish and operate appropriate and effective systems that comply with the nondiscrimination and equal employment opportunity provisions of the JTPA and other federal and state nondiscrimination laws.
12. The SDA administrative entity must coordinate programs and activities with all appropriate agencies at the local level.

#### B. Instructions for Developing Substate Monitoring Plans

The SDAs/SSGs must develop plans for the monitoring of subrecipients and OJT employers, and the oversight of non-OJT vendors, in accordance with policies developed by the PIC which are based on the Governor's standards for PIC oversight. In addition to incorporating the PICs' policies, the substate monitoring plans must:

1. ***Identify procedures for monitoring of all subrecipients which include a process to ensure that each subrecipient is monitored twice each program year.***
2. ***Provide for a schedule of subrecipient monitoring visits to allow maximum effectiveness for the identification and resolution of problems. If the duration of the activity being monitored coincides with the program year or is longer than the program year, the first monitoring visit will occur in the first six months of the program year, the second during the second six months. If the activity is shorter than the program year but longer than six months, monitoring will be scheduled once during the first half of the activity and once during the second half of the activity. If the activity being monitored is less than six months, only one onsite visit is required.***
3. ***Require one of the onsite subrecipient monitoring reviews to be a fiscal review. If the subrecipient's administrative office/fiscal department is separately located at an inaccessible site (i.e., out-of-state or not within a reasonable commute outside of the SDA), the SDA must require that copies of fiscal records of a sufficient nature and sample size to monitor compliance, are sent to the subrecipient's local office or directly to the SDA for review.***

- 4. In the case of an activity which is less than six months' duration, and therefore requires only one onsite review, the subrecipient monitoring plan must address how the monitoring of such activities meets all of the PIC and state requirements.**
- 5. Require that OJT employers will be monitored periodically onsite and explain how the monitoring will ensure compliance with the requirements of 20 CFR §627.240(g)(1).**
- 6. Require that brokering contractors conduct onsite monitoring of OJT employers and other subcontractors in accordance with JTPA §141(g)(3)(c) and 20 CFR §627.240(g)(2).**
- 7. Require that monitoring of subrecipients and OJT agreements follow a standardized review methodology that will result in written reports which record findings, any needed corrective actions, and due dates for the accomplishment of the corrective actions.**
- 8. Require that monitoring reports be shared with subrecipients and OJT employers and be available for review by the state.**
- 9. Require systematic follow-up to ensure that needed corrective actions have taken place.**
- 10. Provide for the appropriate retention of monitoring reports and related documentation.**
- 11. Describe how the SDA ensures through monitoring and/or other methods of oversight that non-OJT vendors perform in accordance with the criteria set forth in 20 CFR §627.420(f)(2).** (NOTE: While onsite monitoring of subrecipients and OJT employers is required, as explained previously, monitoring by the SDA of vendors that are not OJT employers is *not* required; however, as stated in 2.A.1., above, it is required that SDAs have a system for ensuring that vendors as well as subrecipients “perform in accordance with the terms, conditions, and specifications of their awards.” The required oversight may be satisfied through monitoring (optional) and/or other administrative means.)

## **ACTION**

1. The PICs must establish or modify, as appropriate, policies on program oversight in accordance with the above standards for reviewing, monitoring, and evaluating JTPA-funded activities. A description of the PIC's oversight activities must be

included in the Job Training Plan. If the description in the current Job Training Plan is inconsistent with these instructions, an adjustment to the Job Training Plan must be submitted in accordance with the Job Training Plan Handbook of Instructions.

2. The SDAs/SSGs must develop or modify, as appropriate, substate monitoring plans in accordance with PIC policies on program oversight and the instructions above. The substate monitoring plan must be included as a part of the Job Training Plan. If the monitoring plan in the current Job Training Plan is inconsistent with these instructions, an adjustment to the Job Training Plan must be submitted in accordance with the Job Training Plan Handbook of Instructions.

## **INQUIRIES**

Address questions about this directive to your assigned Program Manager or to Georganne Pintar, Manager of the Policy Unit, (916) 654-7611.

/S/ VICKI J. JOHNSRUD  
Acting Chief